

## Finance Committee Meeting Tuesday, February 2, 2016

Chairman Theresa M. Manganelli called the meeting to order at 7:00 p.m. Members present were John F. Doherty, Marianne Gallezzo, Michele Kincaid, Robert P. Palmer, Bernard P. Nally, Jonathan R. Eaton, Kevin Stokes, Leigh Martinson. Excused: None

PRESENT IN INTEREST: Jeff Hull, Town Manager, Kendra Amaral, Assistant Town Manager, Michael Morris, Town Accountant, Pamela MacKenzie, Treasurer/Collector, Karen Rassias, Principal Assessor, Kendra Rozett, IT Director

Mr. Hull – Provided an overview of the FY2017 budget. Provided overview of two themes of budget, fiscal sustainability and support of the community. The goal was to keep increases net of transfers and statutory charges to less than 3%. The FY2017 budget comes in at 2.43%.

The budget supports the School's desire to enhance social and emotional learning and supports, it includes funding to support efforts to have July 4<sup>th</sup> festivities, and includes plans to create additional public spaces including a dog park.

Bottom line on the budget is \$104,326,543. This reflects an increase in general government expenditures of 0.79%, a school increase of 4%, and an overall 3.87% increase all in. A reason for trying to keep the general budget down is to ensure the school system gets the additional resources it needs.

School looking to increase personnel including 2 full-time and some part-time. These positions will help in way of counseling and dealing with these social/emotional issues. There is also \$98,000 in capital for curriculum material.

Budget has also focused on reduction of energy usage and being as efficient as possible. This year, the budget has a proposed roof replacement at Boutwell for \$480,000, and 2<sup>nd</sup> phase of 3 phase roof replacement for North Intermedia for \$270,000. Due to these efforts the budget for Public Buildings has shown a decrease in utilities of \$500,000.

There is a continued focus on improving technology, not only for employees but for the public. In the last six months IT has changed out 41 desk tops. IT has reduced the number of servers from 10 to 3, reducing energy consumptions, and creating redundancy.

This is the third year of Capital Improvement Plan (CIP). It includes \$650,000 for a fire pumper to replace 1997 pumper. The town plans to take advantage of a program that is available through MWRA, inflow and infiltration grant/loan to make sure sewer system is tight.

This year there is a proposed \$1M transfer out of free cash to OPEB stabilization which will bring the total up to \$2.6M in the trust fund.

CIP currently estimating beyond 2017 \$30M in capital request, expecting when Facilities Master Plan is complete there will be recommendations for additional expenditures that are not captured

in CIP. Recommending we transfer \$1.5M from free cash into capital stabilization account which will bring that up to \$3,250,000. Proposing to add \$500,000 from free cash to Retirement Stabilization Account, to bring total to \$1,250,000. Proposing to take additional \$500,000 to prepay a portion of the Retirement unfunded liability.

The town is expecting Free Cash to be certified in the next few weeks. Free cash at end of FY 15 was \$14,400,000, expectation based upon conversations with Mike even if \$3,5M is transferred out of free cash we will still be in 10-15% range that S&P recommends for cities and towns.

Personnel – Looking to add 1 to full-time employee in Public Buildings department to provide additional maintenance support for the High School. Recommending two part-time people in parks and grounds division to assist with the increase in park space created by Yentile, and the growing demand for parks work resulting from longer seasons and increased sports programs. The part-time positions will not be benefit eligible.

Reviewed Fire Department statistics regarding overdoses. The Town Manager formed a committee with representation from Police, Fire, Veterans, Health, Elderly services and a resident to develop strategies to maximize resources and develop a coordinated approach to preventing substance abuse and assisting those suffering with addiction. Budget proposed includes \$80,000 to bring on a substance abuse counseling services.

Demand for Dog Park was articulated through the Yentile Farm project development. Dog park will be a ½ acre of fenced space. Cost estimated at approx. \$35,000-40,000 to be paid from recreation revolving account.

4<sup>th</sup> of July funds will be available for firework display and some activities, if ZBA denies carnival permit. If the ZBA approves the special permit for the carnival, the article will be passed over.

Mr. Eaton – Asked when the Fire sub-station study will happen. Mr. Hull – The Facility Master Plan will confirm the need. Once that is complete the more specific substation study can take place.

### **Information Technology**

Person of Interest: Kendra Rozett, IT director

Ms. Rozett – Reviewed FY2016 budget activity. FY2016 is the first year with consolidated IT costs in the IT budget. Currently on track to replace all desktops, every Town employee will be on the same operating system, same type of computer, and each machine has a current warrantee. Replaced all Town servers from 10 to 3, more efficient and logical, heating and cooling reduced, power consumptions reduced and management of them is reduced, provides a lot of extra capability for the town. Integrated management tool allowing IT to remotely control desktops, control windows updates, support more efficiently. Reviewed other completed projects.

Continued goals 2017 is to focus on replacing desktops and improving our backbone. Network has approximately 10 year old configuration and changes are needed. Plan also includes disaster recovery, plan as far as fire, power outage etc. The town does not currently have a good backup plan. Desktops will be on a rotating cycle so the town can plan for replacements. Software now warrantied and licensed, we know when they will expire and can plan ahead for costs and make sure people have the latest version.

Ms. Kinkaid – Asked if training is provided. Ms. Amaral – Explained the town has a 1 year contract with a company that has unlimited access to live training and webinars.

Mr. Stokes – Inquired if the School IT is separate. Ms. Rozett – It is. Their needs are different and it does not make sense to combine them at this time. Town IT and School IT do work together when advantageous and possible.

### **Revenues and Various General Budgets**

Person of interest: Michael Morris, Town Accountant

Mr. Morris – Reviewed available funds and tax levy calculation. Mr. Hull – Noted the town taxes to the levy limit each year and projects new growth and other revenues conservatively. Reviewed assumptions on revenue as presented in his FY2017 budget.

Mr. Morris - Meals tax more restaurants in Town increases a bit. Investment income dropped largely due to the High School Project being nearly complete. Medicare Retiree Drug Subsidy has been zeroed out as it is unclear how long the federal government will support this program, and the town has a new plan option that does not qualify for the subsidy but has lower costs.

Mr. Morris- Reviewed revised estimate for FY2017 based on government recommendation. Explained transfers to general funds. Reviewed budget summary.

Mr. Hull – Reviewed staff levels report. As noted there is 1 additional full-time and 2 part-time employees proposed for the budget.

Mr. Hull – Reviewed Board of Selectmen budget. No major changes.

Mr. Hull – Reviewed Finance Committee budget. No major changes.

Mr. Hull – Reviewed Town Manager budget. Furnishing and Equipment is for replacement of mail machine which is 13 years old and to replace conference table and chairs.

Reviewed the Notes reflected at the bottom of the budget page and how it will be similar for other budgets. FY2016 budget was lower than actual due to five open collective bargaining agreements and non-personnel at the time FY16 was published. FY17 shows all but three unions in total covering police and dispatch being up. So the difference is exaggerated.

Mr. Morris –Reviewed Town Accountant budget. Reviewed the change in staffing approved in FY16 and the impact of a retirement has had on the personnel budget.

### **Treasurer/Collector Budget**

Person of Interest: Pamela Mackenzie, Treasurer/Collector

Ms. MacKenzie -Reviewed budget, noted no significant changes are proposed for FY17.

Mr. Nally – Asked how the town is doing on back taxes. Ms. MacKenzie – Explained the town's tax taking process. There are about 100 accounts in tax title presently. She has collected approximately \$500,000 in back taxes this year, and started 13 foreclosures this year.

Mr. Stokes – Inquired if there is an opportunity to put more transactions on the website. Ms. MacKenzie – In FY2015, the town expanded online services to include pay online and pay by credit card. Brief discussion on outreach to let people know they can pay online for various services and to opt out of paper statements. Brief discussion on auto pay checks and the amount of work required to process them.

### **Board of Assessors**

Person of interest: Karen Rassias, Principal Assessor

Ms. Rassias – Reviewed budget. Significant change is in reduction of Miscellaneous Contractual Services and Appraisals & Inventories due to the town's completion of the tri-annual re-evaluation in FY16. Brief discussion on re-evaluation of properties, Ballardvale, Research Drive and apartment complex on Route 62.

### **Other General Accounts**

Mr. Hull – Reviewed Town Counsel budget. No significant changes.

Mr. Morris – Reviewed Maturing Debt & Interest budget. Brief discussion on purchase of Ristuccia rink, limited on options, no clear picture at this point to purchase due to rights of first refusal with and Rotondo, continue to monitor the situation.

Mr. Morris - Reviewed Public Rink budget. This budget establishes a spending limit only, if the town does complete a purchase in FY2017.

Mr. Hull – Explained debt summaries and payment schedule for various debt.

Mr. Morris – Reviewed Miscellaneous Expenses budget. Mr. Hull – Noted that there are two open contracts in police, one in dispatch. Adjustments for non-union are not set yet. Brief discussion on annual calendar and the positive feedback from the public about the calendar. Explained the increase in reserve account, due to the budget increase and by request of the Committee last year.

Ms. Manganelli - Requested a history of transfers from the reserve account.

Ms. Amaral – Reviewed Insurance budget. Workers Comp. projecting 7 ½% increase. Town was recognized two years in a row for lost control award. Estimated Employee Health and Life Insurance increase of 7%.

Mr. Nally – Asked how much the Affordable Care Act has cost the town. Ms. Amaral – Approximately \$50,000. The ACA requires these fees and costs, and they are shared with the employees.

Ms. Manganelli – Asked what we are we doing relative to open contracts and health insurance. Ms. Amaral – Explained the new advisory committee has been formed and are taking a leadership role in discussing and understanding health insurance.

Mr. Morris – Reviewed Statutory Charges budget. School Choice includes charter schools, two students attending Minuteman. Essex Agriculture has six students, includes transportation; four students are seniors. Brief discussion on charter schools and local aide calculations.

Mr. Morris – Reviewed Warrant Article budget. Discussed Inflow Infiltration (II) grant program \$218,000 to observe pipes for leaks, partial grant partial loan.

#### **Other business**

Ms. Manganelli - Reminded members if they cannot make a meeting, they should contact the Chairman. Legislative Breakfast organized by the Mass Municipal Association will be in Wilmington, March 4<sup>th</sup> 8a.m. to 10a.m.

There being no further business, a motion was made by John Doherty, seconded by Jonathan Eaton and by the affirmative vote of all, the Finance Committee meeting was adjourned.

Meeting adjourned at 9:40 p.m. The next meeting of the Finance Committee is scheduled for Thursday, February 4, 2016.

Respectfully submitted,

Recording secretary